

R. J. Reynolds

Tobacco Company

R. C. Farmer
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June 29, 1992

B. A. Cook
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S. G. Steen
C. M. Uffindell
D. T. Walsh

Vending Contract

Attached is a copy of the new Philip Morris Vending Contract that is effective 7/1/92. Listed below are the changes in their contract:

- o Minimum brands required for payment: 8 brands
- o Maximum brands pay level: 10 brands

| Old Contract | | New Contract | |
|--------------|-------------|--------------|---------|
| # Brands | Payment | # Brands | Payment |
| 4 | 11 | 8 | 20 |
| 5 | 16 | 9 | 30 |
| 6 | 21 | 10 | 45 |
| 7 | 28 | | |
| 8 | 35 | | |
| 9+ | \$5.00 each | | |

- o Marlboro Medium is now required in a machine before payment will be issued.

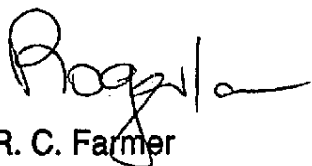
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Vending

Philip Morris' new Vending Contract is the same payment as our Vending Contract Plan B.

Philip Morris is apparently going to place less emphasis on their vending programs. They will not be trying to place Savings brands under their new contract. This will afford us an opportunity to place Monarch in vending outlets with dual pricing capabilities and take the offensive in this segment.

Sincerely,



R. C. Farmer
RCF:am

Attachment

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